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WT 97-82

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EX PARTE OR LATE FILED

September 16, 1997

U.S. House of Representatives  
Committee on Commerce  
Room 2125, Rayburn House Office Building  
Washington, DC 20515-6115

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SEP 24 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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The Honorable Reed Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Dear Chairman Hundt:

I am writing with regard to the Commission's proceeding on the "C-Block" Personal Communications Service (PCS) licenses. I am distressed that nearly three months after the Wireless Bureau's public meeting on this subject, and three months after the official record in this proceeding has closed, the Commission has not yet resolved the issues before it.

I find it particularly troubling that although the common theme at the Bureau's public meeting was that the Commission should address this problem quickly, no resolution has been adopted to date. Furthermore, there is a growing likelihood that four new Commissioners may be seated before this proceeding has been completed. This result would certainly lead to further delay. The Commission should do what is necessary to avoid that outcome.

I recognize that the issues facing the Commission are difficult to resolve, but the statutory objectives are clear. I urge you to focus on the goals that Congress articulated when it authorized competitive bidding. Section 309(j)(3) requires the Commission to promote the "rapid deployment of new technologies, products and services for the benefit of the public," and to do so without administrative delays. The Commission's paramount consideration at this point should be to resolve the C-Block proceeding in a manner that will expedite delivery of service to the public, and increase the level of competition in the PCS marketplace.

Unfortunately, press reports indicate that the Commission may be considering alternatives that would fail to achieve these two goals by causing additional delays, both administrative and judicial. In my view, the simple amnesty approach that the press indicates may enjoy the support of a majority of Commissioners would be counterproductive, at least insofar as the general public is concerned. Giving licensees a choice between walking away from investments already made and facilities already constructed, or taking a chance in bankruptcy court, is tantamount to giving them no choice whatsoever.

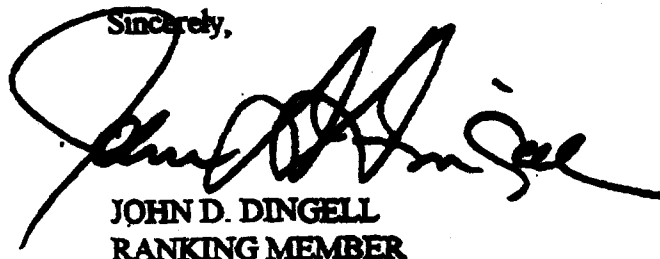
Although it is not my purpose to endorse any specific plan, I urge the Commission to act expeditiously and end the administrative process that is delaying delivery of service to the public. I also urge the Commission to adopt a plan that provides meaningful alternatives for licensees that avoids the likelihood of bankruptcy litigation and the additional delays that would ensue. Any plan that does not provide satisfactory incentives to keep licensees out of bankruptcy court would certainly undermine the important policy objectives of the statute.

With the statutory objectives in mind, I respectfully request a response to the following questions no later than Friday, September 19, 1997.

1. How does the Commission intend to minimize the threat of bankruptcy litigation?
2. Does the U.S. government have a perfected security interest in the C-Block licenses? If not, would the licenses be subject to attachment by creditors other than the U.S. government?
3. Do you believe it is likely that other creditors would seek to attach the licenses in support of their claims?
4. If the U.S. government attempted to reclaim and reacquire the C-Block licenses after bankruptcy litigation is initiated, what would be the likely response of other creditors?
5. What would be the effect of bankruptcy litigation on achieving the objectives of the statute, e.g., rapid delivery of wireless services to the public?
6. How will the various alternatives under consideration by the Commission be structured so that the creditors of C-Block licensees (other than the U.S. government) would support opting for the Commission's proposal rather than bankruptcy protection?

Thank you for your prompt attention to this request. I ask that a copy of this letter be made part of the Commission's record in this proceeding.

Sincerely,



JOHN D. DINGELL  
RANKING MEMBER

cc: Commissioner James H. Quello  
Commissioner Rachelle B. Chong  
Commissioner Susan Ness

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ID:

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JAMES E. DENDRIMAN, CHIEF OF STAFF

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